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Financing of the United Nations Protection Force, the United Nations Confidence Restoration Operation in Croatia, the United Nations Preventive Deployment Force and United Nations Peace Forces headquarters

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Report of the Advisory Committee on Administrative and Budgetary Questions

1. The Advisory Committee on Administrative and Budgetary Questions has considered the report of the Secretary-General on the financial performance of the United Nations Protection Force (UNPROFOR), the United Nations Confidence Restoration Operation in Croatia, known as UNCRO, the United Nations Preventive Deployment Force (UNPREDEP) and United Nations Peace Forces headquarters (A/54/803). During its consideration of the report, the Committee met with representatives of the Secretary-General, who provided additional information and clarification.
2. UNPROFOR was established by the Security Council in its resolution 743 (1992) of 21 February 1992. The mandate of the Force was extended by subsequent Council resolutions and, on 31 March 1995, by its resolutions 981 (1995), 982 (1995) and 983 (1995), the Council decided to establish UNCRO, to extend the mandate of UNPROFOR in Bosnia and Herzegovina, and that UNPROFOR in the former Yugoslav Republic of Macedonia would be known as UNPREDEP. The administrative and logistic responsibilities of all three operations were coordinated at United Nations Peace Forces headquarters in Zagreb. The United Nations Mission in Bosnia and Herzegovina (UNMIBH) and the United Nations Transitional Administration for Eastern Slavonia, Baranja and Western Sirmium (UNTAES) were established by the Council in its resolutions 1035 (1995) of 21 December 1995 and 1037 (1996) of 15 January 1996 respectively. The mandates of UNPROFOR and UNCRO were terminated at the end of 1995 and the beginning of 1996 respectively.
3. As indicated in paragraphs 35 to 39 of the report, a total of \$5,082,586,459 gross (\$5,044,754,959 net) was appropriated by the General Assembly for the United Nations Peace Forces. Total expenditures as at 31 December 1999 amount to \$4,452,507,000 gross (\$4,417,943,900 net), leaving a balance of \$630,079,459 gross (\$626,811,059 net). Of that balance, \$325,900,432 gross (\$321,855,689 net) has been credited to Member States, bringing the total balance of appropriations to \$304,179,027 gross (\$304,955,370 net). As indicated in paragraph 38 of the report, the current balance of appropriations is due



primarily to savings resulting from the cancellation of prior period obligations.

4. The Advisory Committee was informed that the total amount assessed on Member States for the period from 12 January 1992 to 31 December 1999 as at 29 February 2000 was \$4,860,018,052, against which the payments received amounted to \$4,236,598,310, leaving an outstanding balance of \$623,419,742.

5. The Advisory Committee was also informed that troop cost reimbursement up to 30 June 1997 totalled \$1,343,310,600 and that nothing was owed in that respect. With regard to contingent-owned equipment, the Committee was informed that as at 31 December 1999 the amount reimbursed was \$515,127,600 and the amount owed was \$304,245,277. Unliquidated obligations in respect of contingent-owned equipment as at 31 December 1999 amounted to \$165,708,180. Under death and disability compensation, the Committee was informed that \$44,267,400 had been paid as at 31 December 1999 for 563 claims, leaving a balance of \$21,700 in unliquidated obligations and 66 pending claims. The Committee was informed that the cash position of the United Nations Peace Forces as at 13 March 2000 was \$35.4 million, with unliquidated obligations for the period from 12 January 1992 to 30 June 1997 totalling \$214,284,000.

6. As indicated in paragraph 39 and annex II.A of the report, funds are required for reimbursement to Governments for claims relating to rotation and repatriation of troops (\$5,468,200), reimbursement for contingent-owned equipment (\$138,537,100), death and disability compensation (\$9,781,500) and various operational requirements (\$26,112,900). Amounts owed to Governments in respect of all claims total \$179,899,700. The Advisory Committee was informed that none of the claims was from commercial vendors, all were claims from Governments and that the amount of \$179,899,700 resulted from a number of factors, including underestimation of expenditure for contingent-owned equipment and late submission of claims. The concurrence of the General Assembly is sought to retain that amount from the total balance of appropriations of \$304,179,027 gross (\$304,955,370 net). Owing to a high level of unpaid assessments (see para. 4 above), there is a shortage of cash in the United Nations Peace Forces special account. In view of the cash shortage, the concurrence of the Assembly is also sought to suspend the provisions of financial regulations 4.3, 4.4 and 5.2(d) in respect of the

remaining surplus of \$124,279,327 gross (\$125,055,670 net).

7. With respect to contingent-owned equipment, the Advisory Committee was informed that the amounts set out in table 7 resulted from negotiations with troop-contributing countries and that all the amounts were firm with the exception of the amount under losses, which remained to be determined definitively by the United Nations Property Survey Board.

8. The Advisory Committee notes, as indicated in paragraphs 18 to 20 of the report, that expenditures were incurred by the United Nations Peace Forces for a number of items, including rent, airport services, tolls and fuel taxes, that should have been provided free of cost under the terms of agreements signed between the United Nations and the Governments of Bosnia and Herzegovina, the former Yugoslav Republic of Macedonia, the Federal Republic of Yugoslavia and Croatia. The total owed by the four Governments amounts to \$127,379,954. Notes verbales were sent to the respective Permanent Missions to the United Nations on 25 March 1999; however, to date no reimbursement of the expenditures has been received. Upon enquiry regarding the status of the \$127,379,954 in the accounts, the Advisory Committee was informed that the amount represents expenditures that have been recorded in the United Nations Peace Forces accounts, and that should any of the expenditures be reimbursed by the host Governments, that refund of prior period expenditures would be credited to miscellaneous income in accordance with the provisions of financial rule 107.2(a). **The Committee is concerned at the lack of progress in obtaining reimbursement and encourages the Secretary-General to pursue the issue.**

9. The Advisory Committee notes in paragraph 21 of the report of the Secretary-General that voluntary contributions in kind reported by UNPROFOR in April 1994 included vehicles and equipment loaned or donated by one Member State valued at \$4,536,820. However, during negotiations on settlement of claims for contingent-owned equipment, it was determined that those items had been made available on a reimbursable basis. The Committee also notes in paragraph 25 that goods and services provided by another Member State to the rapid reaction capacity had been valued by the donor at \$22,917,009 and by the United Nations at \$12,532,826 according to standard United Nations procedures. Upon enquiry as

to whether the valuation by the United Nations had been accepted by that Member State, the Committee was informed that a letter had been sent to the Permanent Mission of the Member State to the United Nations on 20 January 1998 informing it of the value of the contribution by United Nations standards and explaining the basis of the valuation. There has been no further correspondence from that Member State, and it is therefore believed that the valuation has been accepted.

10. The Advisory Committee recalls paragraph 26 of the report of the Board of Auditors on the accounts of the United Nations peacekeeping operations for the financial period ended 30 June 1999 (A/54/5, vol. II), in which the Board states that for the period ending 30 June 1999 there were \$164 million in unrecorded claims related to UNPF. The Board also states that:

“Although the Administration had certified \$149 million of the claims relating to UNPF, this had neither been recorded in the accounts nor paid, because funds had not been reserved in the accounts. The Board noted that the \$149 million in certified claims had been included in the notes to the financial statements for the 12-month period ending 30 June 1999 as a contingent liability instead of being disclosed as accounts payable.”

The Committee trusts that this situation will be rectified. The Committee was informed that the amount of \$149 million cited by the Board of Auditors was included in the amount of \$179,899,700 being requested for the settlement of all pending government claims.

11. The action to be taken by the General Assembly in connection with the financing of the United Nations Peace Forces is indicated in paragraph 1 of document A/54/803. **The Advisory Committee recommends retention of the amount of \$1,193,000 gross (\$963,300 net) from the amount of \$1,199,200 gross (\$1,070,300 net) concurred in by the Committee from the unencumbered balance of \$3,467,200 gross (\$4,094,200 net) for the period from 1 July 1996 to 30 June 1997 to meet the cost of completing the liquidation of the Mission. The Committee also recommends retention of the amount of \$179,899,700 gross and net from the balance of appropriations of \$304,179,027 gross (\$304,955,370 net) to meet the cost of outstanding claims. In**

respect of the remaining surplus of \$124,279,327 gross (\$125,055,670 net), the normal course of action would be to credit Member States. The General Assembly, in considering the options, may wish to consider temporarily suspending the provisions of financial regulations 4.3, 4.4 and 5.2(d) in the light of the chronic cash shortage of the Organization.